

STOCK MARKET: LESSON 2

Objectives: to explain the terms *diversify* and *portfolio*
to sort stocks by the various *sectors*

Materials: basket of purple eggs (represents a specific sector; in each egg is the name of a company found in that specific sector)
plastic eggs (each color represents a sector-name of company in each egg on slip of paper)
Edward Jones Perspective brochures (if possible)

Procedure:

Activating Activity-Discuss what would happen if the purple eggs were contaminated with Salmonella I could not use them—NO EGGS—I'm out of luck!

If, however, I had bought a variety of eggs (pink, yellow, green, blue); I had **DIVERSIFIED**, I would still have some eggs that I could use; similar to the stock market.

People have a collection of stocks→**PORTFOLIO**

A wise investor does not put all of his/her eggs in one basket→he/she **DIVERSIFIES** the types of stocks in his/her portfolio. If one stock is not doing well, the other stocks in the portfolio may be doing much better, so your portfolio will stay healthy.

Ask—How do you do that?

The Dow Jones (30 companies that are like student council representatives-they let us know how the stock market is doing based on how they are doing) has classified their stocks into **SECTORS** or groups based on the product(s) the company sells.

Think of sectors being like a grocery store. When you go to the grocery store, you may have noticed that it is divided into sections such as bread, dairy, meat, produce, canned goods, cleaning products, etc. Those are the *sectors* of the grocery store. The stock market is divided into sections similar to the grocery store based on what the different companies sell for products or services. The sectors of the stock market are--

The sectors are—

- COMMUNICATION SERVICES
- CONSUMER DISCRETIONARY
- CONSUMER STAPLES
- ENERGY
- FINANCIAL SERVICES
- HEALTH CARE
- INDUSTRIALS
- MATERIALS
- TECHNOLOGY
- UTILITIES

DAIRY



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Your task today is to do the following:

1. Check on your portfolio (you should have at least one stock). Did the value of your stock go up or down?
2. Research the company found in the colored egg you received. Make sure it is in a different sector than the stock your team currently owns.
3. Buy at least one stock to add to your portfolio. Remember our goal is to **DIVERSIFY** your **PORTFOLIO**. (I have for you a list of companies by sector & a perspective by Edward Jones.)

DEFINITIONS:

portfolio: A collection of your investments

diversity: To have a variety

sectors: Distinct subset of a market, society, industry, or economy, whose components share similar characteristics

Example: a student's portfolio of writing

